

AMENDED IN SENATE JUNE 26, 2012

AMENDED IN ASSEMBLY APRIL 30, 2012

AMENDED IN ASSEMBLY APRIL 17, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 2447

Introduced by Assembly Members Skinner and John A. Pérez

February 24, 2012

An act to add Part 14 (commencing with Section 53565) to Division 31 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 2447, as amended, Skinner. California Neighborhood Revitalization Partnership Act of 2012.

The Housing and Emergency Shelter Trust Fund Act of 2006 authorizes the issuance of bonds to finance various housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, housing-related parks, and transit-oriented development programs. Existing law transfers bond moneys to the Self-Help Housing Fund to be expended for purposes of the California Homebuyer's Downpayment Assistance Program, as specified.

This bill would establish the California Neighborhood Revitalization Partnership Act of 2012, to be administered by the California Housing Finance Agency in consultation with the Department of Housing and Community Development, to finance affordable housing for low- to moderate-income households. The bill would authorize specified

applicants, as defined, to apply for grant or loan moneys from the agency on a competitive basis for purposes of financing, among other things, the purchase of foreclosed homes, ~~the establishment of land banks for foreclosed homes,~~ the demolition of blighted structures, and the redevelopment of demolished or vacant properties. The bill would transfer \$25,000,000 from bond moneys made available to the California Homebuyer's Downpayment Assistance Program from the Self-Help Housing Fund to a newly created fund, the California Neighborhood Revitalization Fund, *and would continuously appropriate those moneys* for these purposes, as specified, ~~and would make an appropriation to fund the program in an unspecified amount.~~ The bill would require the agency to issue *specified* guidelines for purposes of implementation by a specified date. *The bill would provide that the adoption of the guidelines shall not be subject to the Administrative Procedure Act.*

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares the following:
- 2 (a) At a time when the housing challenges facing California are
- 3 extraordinary, it is incumbent upon the Legislature to evaluate and
- 4 make changes, where necessary, in underperforming housing bond
- 5 programs.
- 6 (b) The Legislature must act with a comprehensive focus to
- 7 address the effects that the record number of foreclosures have
- 8 had on home values throughout the state, the public health and
- 9 safety of California neighborhoods, and the economic stability of
- 10 our communities.
- 11 (c) It is the goal of the Legislature to harness the innovation of
- 12 the business community, nonprofit organizations, private investors,
- 13 and governmental entities to create investment opportunities to
- 14 help address the various aspects of the foreclosure crisis.
- 15 (d) The collaboration of financial institutions and government
- 16 is key to designing a scalable program that rehabilitates foreclosed
- 17 properties and reintegrates them into the housing market as
- 18 properties for rent or repurchase.
- 19 SEC. 2. Part 14 (commencing with Section 53565) is added to
- 20 Division 31 of the Health and Safety Code, to read:

1 PART 14. THE CALIFORNIA NEIGHBORHOOD
2 REVITALIZATION PARTNERSHIP ACT OF 2012

3
4 53565. This act shall be known and cited as the California
5 Neighborhood Revitalization Partnership Act of 2012.

6 53566. There is hereby established the California Neighborhood
7 Revitalization Partnership Act of 2012, to be administered by the
8 California Housing Finance Agency in consultation with the
9 Department of Housing and Community Development, to finance
10 affordable housing for low- to moderate-income households and
11 to revitalize neighborhoods damaged by the foreclosure crisis.

12 53567. For purposes of this part, the following definitions have
13 the following meanings:

14 (a) “Agency” means the California Housing Finance Agency.

15 (b) “Applicant” means a local governmental entity, a housing
16 nonprofit organization, or a consortium of nonprofit entities, or a
17 combination thereof. ~~An “applicant” also includes a for-profit~~
18 ~~developer that may jointly apply for grants with a local government~~
19 ~~or a nonprofit entity or consortium of nonprofit entities.~~

20 (c) “Executive director” means the Executive Director of the
21 California Housing Finance Agency.

22 (d) “Foreclosed property” means a home or residential property
23 which title has been acquired by the foreclosing entity at a trustee
24 sale.

25 (e) “Fund” means the California Neighborhood Revitalization
26 Fund as created pursuant to Section 53569.

27 (f) *“Grantee” means an applicant that is awarded a grant or*
28 *loan by the agency pursuant to this part.*

29 53568. The executive director or his or her designee shall carry
30 out the following duties and responsibilities under the act:

31 (a) Facilitate the interaction and negotiation between financial
32 institutions, private investors, local governments, nonprofits, or a
33 consortium of nonprofit entities in the identification and acquisition
34 of foreclosed properties for resale, rental, or lease-to-own structures
35 for low- and moderate-income families.

36 (b) Award grants or loans from the California Neighborhood
37 Revitalization Fund to applicants.

38 (c) Develop strategies with the State Energy Resources
39 Conservation and Development Commission and the Public

1 Utilities Commission to leverage investments in the rehabilitation
2 of foreclosed properties to improve energy efficiency.

3 (d) Maximize job and apprenticeship opportunities by
4 coordinating multiple program investments.

5 53569. (a) There is hereby established the California
6 Neighborhood Revitalization Fund for purposes of this act.

7 ~~(b) From bond moneys made available to the California~~
8 ~~Homebuyer's Downpayment Assistance Program pursuant to~~
9 ~~subparagraph (E) of paragraph (1) of subdivision (a) of Section~~
10 ~~53545, twenty-five million dollars (\$25,000,000) shall be~~
11 ~~transferred from the Self-Help Housing Fund to the fund,~~
12 ~~notwithstanding Section 50697.1. Notwithstanding Section 50697.1,~~
13 ~~the sum of twenty-five million dollars (\$25,000,000) is hereby~~
14 ~~transferred from the Self-Help Housing Fund pursuant to~~
15 ~~subparagraph (E) of paragraph (1) of subdivision (a) of Section~~
16 ~~53545 to the fund, which shall be continuously appropriated for~~
17 ~~purposes of this part.~~

18 ~~(e) For purposes of implementing this part, — dollars (\$—)~~
19 ~~shall be appropriated to the agency on a one-time basis. The further~~
20 ~~expenditure of the balance of the fund shall be subject to~~
21 ~~appropriation by the Legislature.~~

22 ~~(d)~~

23 (c) Administrative costs of the agency *or a grantee*, including
24 audit and program oversight costs of the agency *or a grantee*, shall
25 not exceed 5 percent of the program's costs.

26 (e)

27 (d) The agency may accept and receive gifts, grants, or donations
28 from any agency of the United States, any agency of the state, or
29 any municipality, county, or other political subdivision of the state.

30 53570. Funding to ~~applicants~~ *grantees* pursuant to this part
31 shall be awarded in the form of grants or loans pursuant to Sections
32 53571 and 53572. The agency shall allocate funds on a competitive
33 basis.

34 53571. Eligible uses for funding shall include, but shall not be
35 limited to, the following purposes:

36 (a) Establish financing mechanisms for purchase and
37 rehabilitation of foreclosed homes and residential properties.

38 (b) Purchase homes and residential properties abandoned or
39 foreclosed.

40 ~~(c) Establish land banks for foreclosed homes.~~

1 ~~(d) Demolish blighted structures.~~

2 ~~(e) Redevelop demolished or vacant properties.~~

3 *(c) Demolish blighted structures that are foreclosed or*
4 *abandoned, or redevelop demolished or vacant properties.*

5 53572. (a) The agency shall develop guidelines by March 14,
6 2013, in consultation with the Department of Housing and
7 Community and Development, the State Energy Resources
8 Conservation and Development Commission, the Public Utilities
9 Commission, local governments, nonprofit housing entities, and
10 financial institutions. Guidelines adopted by the agency shall
11 include, but shall not be limited to, the following:

12 (1) An application process for the funds.

13 (2) A requirement for a contribution of a specified percentage
14 of funds leveraged from other sources.

15 (3) Project selection criteria.

16 (4) Accountability and auditing requirements.

17 (5) Ranges for grant and loan amounts.

18 (6) A requirement for affordability covenants of at least ~~55~~ 15
19 years on rental units funded by the act.

20 (7) *A requirement that a single-family home that is funded*
21 *pursuant to this part include an equity sharing agreement that*
22 *meets the following requirements:*

23 (A) *Upon resale, the seller of the unit shall retain the value of*
24 *any improvements, the downpayment, and the seller's*
25 *proportionate share of appreciation. The grantee shall recapture*
26 *any initial subsidy, as defined in subparagraph (B), and its*
27 *proportionate share of appreciation, as defined in subparagraph*
28 *(C), which amount shall be used within five years for any of the*
29 *purposes described in subdivision (e) of Section 33334.2 that*
30 *promote home ownership.*

31 (B) *For purposes of this paragraph, the grantee's initial subsidy*
32 *shall be equal to the fair market value of the home at the time of*
33 *initial sale minus the initial sale price to the moderate-income*
34 *household, plus the amount of any downpayment assistance or*
35 *mortgage assistance. If upon resale the market value is lower than*
36 *the initial market value, then the value at the time of the resale*
37 *shall be used as the initial market value.*

38 (C) *For purposes of this paragraph, the grantee's proportionate*
39 *share of appreciation shall be equal to the ratio of the grantee's*

1 *initial subsidy to the fair market value of the home at the time of*
2 *initial sale.*

3 (b) (1) Prior to the adoption of the guidelines, the agency shall
4 hold not less than one public hearing.

5 (2) The guidelines shall be adopted at a public hearing.

6 (c) The guidelines shall not be subject to the requirements of
7 the Administrative Procedure Act (Chapter 3.5 (commencing with
8 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
9 Code).